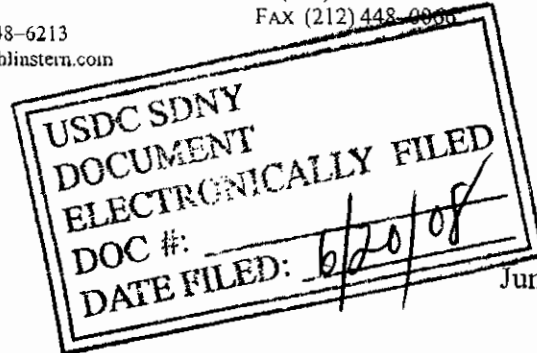


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June 17, 2008

By Fax: 212-805-7941

Honorable Loretta A. Preska  
United States District Court, Southern District of New York  
500 Pearl Street, Room 1320  
New York, New York 10007

Re: Hue-Williams, Ltd. v. Turrell, 07 Civ. 7366 (LAP)

Dear Judge Preska:

We represent the plaintiff and third-party defendant in this matter. The defendant-counterclaimant-third-party plaintiff is represented by Gregory Clarick of Manatt Phelps & Phillips, LLP and Donn Zaretsky of John Silberman Associates PC.

This is to report on the status of settlement negotiations. Unfortunately, I have to advise Your Honor that we have not been able to make progress towards the settlement of this case. We and counsel for defendant will keep the lines of communication open, but as of today I cannot tell Your Honor that we are close to settlement. Counsel for both parties agree that it would not be appropriate to ask Your Honor for more time to try to avoid further proceedings.

Counsel for both sides assume therefore that Your Honor will reschedule the preliminary conference to set a schedule for discovery. Of course all counsel are available to appear at Your Honor's convenience.

*Counsel shall appear for a  
conference on July 8, 2008  
at 9:00 a.m.*

Respectfully submitted,

*[Signature]*  
Jon Paul Robbins

*So ordered  
Loretta A. Preska  
June 18, 2008  
USOJ*

**MCLAUGHLIN & STERN, LLP**

cc: by email

Gregory A. Clarick, Esq.

Donn Zaretsky, Esq.